Annual Report

NATIONAL BISCUIT COMPANY

FOR THE YEAR ENDED DECEMBER 31, 1952


NABISCO
NATIONAL BISCUIT COMPANY
NABISCO
NATIONAL BISCUIT COMPANY
NATIONAL
BISCUIT
COMPANY
RITZ
CRACKERS

Directors

ROY E. TOMLINSON, Chairman
CHARLES C. AUCHINCLOSS
WILLIAM H. COLVIN JR.
GEORGE H. COPPERS
FRANKLIN D'OLIER
DUDLEY W. FIGGIS
ROY C. GASSER
DON G. MITCHELL
GEORGE A. MITCHELL
EDWARD S. MOORE JR.
PAUL MOORE
ALEXANDER C. NAGLE
LIVINGSTON PLATT
RUSSELL M. SHULTZ

National Biscuit Company

449 West 14th Street

New York 14, N. Y.

Officers

GEORGE H. COPPERS
President

EDWARD S. MOORE JR.
Executive Vice President

LEE S. BICKMORE
Vice President, Sales

THOMAS F. BURKE
Vice President, Bread Department

HOWARD B. CUNNINGHAM
Vice President, Purchasing

HARRY T. EGGERT
Vice President, Personnel Relations

GEORGE A. MITCHELL
Vice President, Finance

RUSSELL M. SHULTZ
Vice President, Operations

HERBERT E. WIGGIN
Vice President, Traffic

FREDERICK F. BRODESSER
General Auditor

ALBERT T. BULLOCK
Secretary and Treasurer

CHARLES S. WEBSTER
Controller

EVERETT W. BARTO
General Counsel

Transfer Agent: Guaranty Trust Company, New York 15, N. Y. **Registrar:** First National Bank, New York 15, N. Y.

1952

1951

the year in brief

	1952	1951
Net sales	$346,537,081	$329,924,858
Net income	17,819,160	16,202,212
Net income per dollar of sales	5.1 cents	4.9 cents
Net income per share common stock	2.56	2.30
Dividends declared		
Preferred stock—7%	1,736,315	1,736,315
Common stock	12,578,896	12,578,896
Per share of common stock	2.00	2.00
Net income retained in the business	3,503,949	1,887,000
Cost of plant and equipment additions	16,333,836	17,804,925
Current assets	94,478,909	88,994,406
Current liabilities	44,311,827	38,011,545
Working capital	50,167,082	50,982,861

GEORGE H. COPPERS, PRESIDENT

To our shareholders and employees

THIS report presents the highlights of our business and operations during 1952, the fifty-fifth year in the Company's history. It is an encouraging report and one of continued progress; though far from being completely satisfactory, it does indicate definite improvement and forward motion.

In common with industry generally our Company was affected by the huge mobilization effort. The attendant regulations and controls on the nation's civilian economy create many problems in the day-to-day operations of business.

Our Company is composed of many things—a large network of bakeries, machinery and transportation facilities. But most of all it is composed of people. Ours is a co-operative enterprise, owned by some sixty-nine thousand shareholders, employing over twenty-nine thousand people, buying from more than ten thousand suppliers, and selling to more than four hundred fifty thousand retail merchants. Thus our human assets are the important assets and our concern for the human element in NABISCO is an ever present consideration.

One of the outstanding features of the past year was our progress in the continuing program of plant modernization and the betterment of baking processes. Constantly rising costs over the last decade have intensified our efforts to increase operating efficiency right down the line. We know that only in this way can we maintain and improve our competitive position with products and prices that are attractive to the public.

Our operations in 1952 broke records. Sales totaled $346.5 million, an increase of five per cent over 1951 which previously had been the biggest sales year in our history. The bulk of this increase represented increased tonnage, more bakery goods produced and sold, since our average prices were only slightly higher last year than they were in 1951.

We face the future with confidence, encouraged by the experiences behind us and

cognizant of the challenges we know to be ahead. We are continuing with our long-range program of building for tomorrow—modernizing our plants, extending our research, training our personnel. We are enthusiastic about the progress we have made and, aided by the same intelligent and cooperative efforts of all Nabisco personnel which have brought us this far, we shall endeavor to continue forward.

We Sold More Goods Than Ever Before

AND OUR PROFIT RATE IMPROVED

A record sales volume, together with economies made possible by the new bakeries and improved methods, plus some decline in commodity prices, resulted in improved profits for 1952 as compared with 1951.

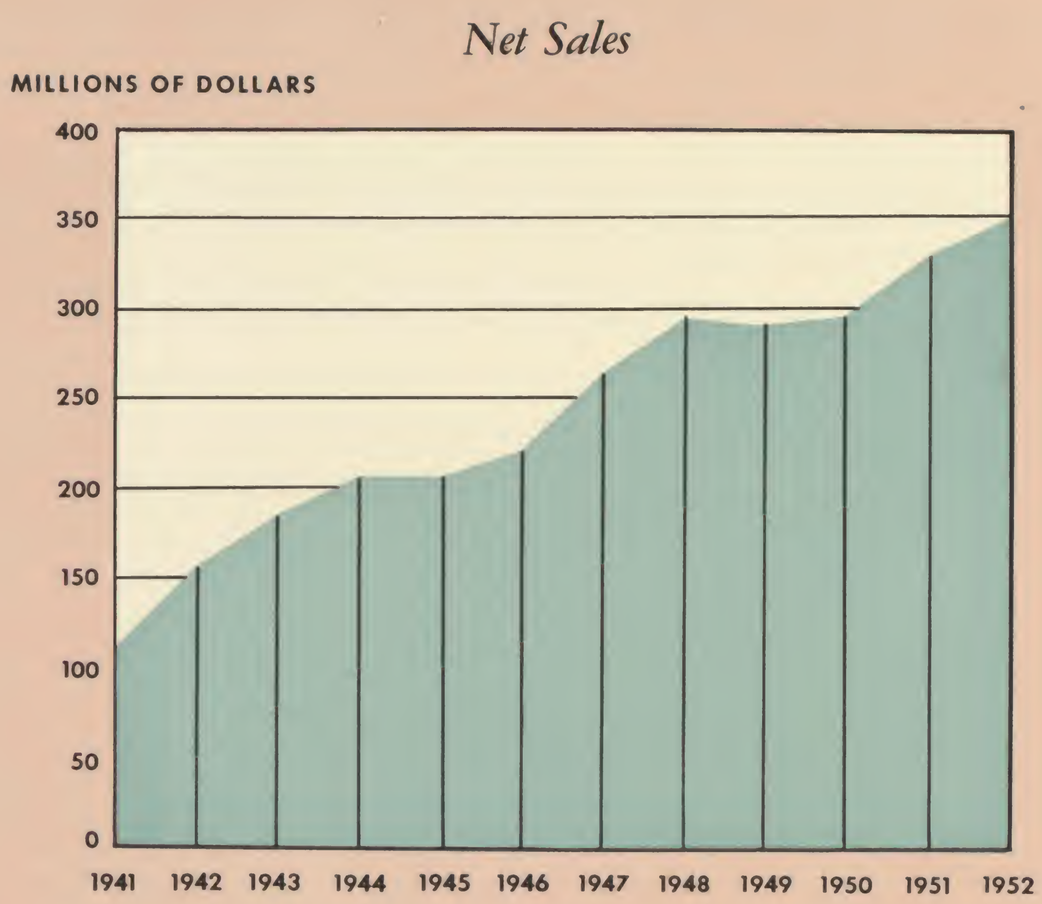
Profits, before income and excess profits taxes, reached \$39.7 million in 1952, the highest pre-tax earnings in the fifty-five years of Company operations. However taxes were also at a record high level and, while net profits after taxes were improved over 1951, they were not as good as in some other past years because of the high tax bill.

Net profits for 1952 were up to \$17.8 million from \$16.2 million in 1951. After providing for dividends on the preferred stock, profits amounted to \$2.56 per share of common stock in 1952—\$2.30 in 1951. Net profits for 1952 were equal to 5.1 cents per dollar of sales—4.9 cents for 1951.

While, at the end of 1952, the selling prices of our finished products were still controlled by ceiling price regulations, as a matter of fact our prices were about five per cent below the full allowable ceiling. To have set prices at the full ceiling would have acted as a price squeeze on the retailer. He would have been unable to recover his full mark-up because of the fractions of a cent involved on the numerous small unit sales of our products. Reductions were made in the prices of a few of our products during the year, reflecting improvements in our manufacturing processes and competitive conditions in the industry.

As of the day this report goes to press the decontrol of the prices of bakery products by the Office of Price Stabilization appears imminent. We do not believe that the decontrol of biscuit and cracker prices will raise the average prices of these products materially—unless costs of labor and materials increase—as there is no shortage of bakery products in the country. Such decontrol will instead give greater latitude in establishing prices on different varieties in accordance with usual Company practices. Freedom from price control is a step forward.

The economies expected from our new plants and processes are being realized. Though certainly helpful, they have not enabled us to absorb all the increases in our tax and labor costs, nor the increased costs of the goods and services we buy, which have occurred since the start of the Korean conflict. Nevertheless, our improved production and distribution methods are placing us in a good position to maintain maximum production and employment—and add to the profit margin.



The above information is shown in more detail on pages 26 and 27.

Our Sales Record

Our record sales volume of $346.5 million represented a gain of five per cent over the previous year. All our major lines, foreign as well as domestic, showed very satisfactory sales results during 1952. Sales to the Federal Government were not a material factor, being about the same as during the previous year.

Net Sales by Quarters in Millions of Dollars

Quarter Ended		1952	1951	1950
March	31	$ 85.5	$ 81.2	$ 72.7
June	30	85.8	81.8	71.8
September	30	85.5	79.9	72.9
December	31	89.7	87.0	79.0
Total		$346.5	$329.9	$296.4

Our Financial Position Is Good

During the past six years we have invested about $90 million in fixed assets, such as land, buildings and equipment. The funds to purchase these assets came largely from cash accumulated through earnings retained in the business for this purpose.

Despite this large expenditure, our current assets as of the close of 1952 totaled $94 million and current liabilities $44 million, leaving net working capital of $50 million.

Where the Money Came From How It Was Used

During the year 1952 funds were realized from the following sources:

Net profits retained in the business	$3.5 million
Depreciation allowances provided . . .	7.3 million
Bank loans by our foreign subsidiaries .	4.2 million
Our accounts payable and tax liability increased	6.1 million
From the sale of assets no longer needed . .	1.0 million

And here is how the money was used:

For new facilities—land, buildings and equipment	$16.3 million
To finance higher accounts receivable, inventories, miscellaneous investments and prepaid items . . .	2.1 million

Our cash and U. S. Government securities were, therefore, $3.7 million greater at the close of the year than at the beginning and totaled $40.5 million. This money is available to meet our accounts payable and tax liability, as well as to continue the financing of our modernization program.

Company Ownership Widely Distributed

The ownership of our Company is in the hands of—

(*a*) 4,200 holders of our outstanding 248,045 shares of Par Value $100 seven per cent cumulative, non-callable Preferred Capital Stock, on which we paid dividends of $7.00 per share, totaling $1,736,315 in 1952

and

(*b*) 64,800 holders of our outstanding 6,289,448 shares of Par Value $10 Common Capital Stock, on which we paid dividends of $2.00 per share, or $12,578,896, in 1952.

Every year since 1899 our Company has paid dividends to the owners of its common and preferred stock. Approximately 35 per cent of our outstanding common stock and 19 per cent of our outstanding preferred stock is owned by women shareholders.

Since our earnings for the year were larger than our total dividend payments, the book value of the common stock again increased. This book value amounted to $128.7 million at the end of 1952, or $20.47 per share of outstanding common stock.

Taxes Are High

Taxes continue to represent a major item of expense. Our total direct taxes (including social security taxes) for the year were $27.8 million, equivalent to $954 for each individual employed in the Company. This is the largest tax bill ever borne by our Company in a single year's operation.

The Company's direct taxes equaled $4.42 per share of common stock in 1952—$3.70 in 1951. Thus earnings before all taxes were $6.98 per share of common stock in 1952—$6.00 in 1951.

Approximately $2.2 million of our income was subjected to Federal normal, surtax and excess profits tax rates aggregating eighty-two per cent of such income.

SHAREHOLDERS attending the Annual Meeting held in April 1952 were much interested in hearing about various aspects of the Company's activities in 1951, and about our plans for 1952.

Business Tomorrow Will Depend on Products Developed Today

The competitive pace in our industry has increased a great deal in the past several years. Products and methods become out of date more quickly today than ever before. We know that we must be alert to new consumer demands, and mobile enough to meet them satisfactorily and promptly.

To accomplish this we are continually expanding and improving our research program and facilities. Research points out to us which way we should go. It is going out and looking for change rather than waiting for it to happen. Through extensive research in several directions, we learn how to improve our products, what new varieties will be welcomed by the housewife, how new methods can improve our operations, and where they can best be applied.

To give it practical expression, we are constantly experimenting with new varieties of biscuits and crackers. In the search for greater eye-appeal, we keep trying out new package designs. In line with this policy we

used printed foil wrappers on some of our packages in 1952 for the first time. Foil is proving satisfactory for this purpose and greatly enhances the appearance of the packages.

During the year we added a bright and attractive corner seal to our entire line to heighten the family resemblance of our many different packages. This new Nabisco corner seal, designed by Raymond Loewy Associates, is depicted on the outside cover of this report and the story of the seal appears on page 28.

We were able to please our customers with these new items in 1952:

CHOCOLATE CHIP PECAN COOKIES
(*in an attractive new foil-wrapped package*)

COCOANUT BARS—SNACK SIZE
(*a dainty bite size cocoanut cookie*)

NABISCO SHREDDED WHEAT
(*in a new six biscuit package*)

In addition, we are striving day by day to improve many of the long-established brands. During the year we made innovations in such well-known products as PREMIUM SALTINE CRACKERS, RITZ CRACKERS, OREO CREME SANDWICH and NABISCO VANILLA WAFERS—all aimed at improving quality and taste appeal. Excellent customer response to these changes is evidence that we are on the right track. In this manner a constant search goes on to create and improve products, to strengthen our competitive position today and better our prospects for tomorrow.

Our Advertising Program

Our experience over fifty-four years gives ample testimony that consistent advertising is the most successful method of promoting volume sales. This makes possible more economies in mass-production manufacture and distribution. Such an advertising program, carefully planned and administered, takes the story of Nabisco products to millions of people in the most effective possible way. As the front line of our selling effort year after year, our advertising builds consumer acceptance, sales and profits.

The rise of the super market has left the choice of brands of products up to the customer more than ever before. Clear brand preferences have never been so important. Hence we display our messages to the consuming public in several media, each calculated to do a certain part of the job. We use radio, television, newspapers, magazines and outdoor posters to reach and impress the maximum number of present and potential users of our products.

During 1952 our expenditures for advertising were $9.1 million—about 2.6 per cent of our sales.

We Opened a New Bakery

Our New Chicago Bakery started operating in October 1952, and is now in almost full production.

The plant has twelve band ovens and the most modern machinery and bulk-handling equipment yet devised. It is capable of producing about $55 million worth of biscuits

NEWBURGH, NEW YORK, BREAD BAKERY, recently remodeled and enlarged to meet the increased demand for NBC BREAD and ROLLS in the area served by the bakery.

and crackers annually for the important Midwestern markets and for other areas throughout the country.

This new bakery represents another milestone in American industry's development of improved working conditions. New devices ease laborious tasks and promote greater safety. Emphasis on sanitation, a modern cafeteria, modern medical equipment and service, rest and recreation rooms, all increase employee comfort and convenience.

A picture-story of this new plant is featured in the center pages of this report.

Plans for Future Plant Modernization

Expenditures for plant and equipment during 1952 totaled $16.3 million and for the six years ended in 1952 about $90 million.

Plans have been completed for the modernization of our Denver Bakery. This project, which includes the installation of a band oven, should be completed during 1953.

We also plan to start construction of a new bakery in or near Philadelphia in 1953. The original plan to modernize the present Philadelphia Bakery has been

dropped as uneconomical and we feel that a completely new bakery is needed in that important market. It is hoped to have this plant completed and in operation by the end of the year 1954.

Modernization of our cracker bakeries at Los Angeles and New York is contemplated at an early date.

Operations in Other Countries

We are glad to report that our Venezuela subsidiary, Compañía Nacional de Galletas Nabisco-La Favorita, C. A., made substantial strides in its second year of operations. Sales improved markedly and the company operated on a profitable basis. Our future position in Venezuela appears encouraging. We are continuing to introduce our well-known, established brands and they are being well received by consumers in that country.

Our subsidiary companies in Canada and England continue to progress and plans are under way to extend our line of products in each of these countries. We expect further improvement in both of these very important markets together with an increase in their already substantial contribution to profits.

The construction of a new bread bakery in Toronto, Canada, by Christie's Bread, Limited, is near completion and it is expected that this plant will be in full operation by March 1953.

The biscuit and cracker subsidiary in Canada, Christie, Brown and Company, Limited, is planning to modernize its plant at Winnipeg, Manitoba. Additional equipment will include installation of a band oven and this project is scheduled for completion early in 1954.

We Borrowed Money in Canada

Because of the extensive growth of our operations in Canada and the need for funds in that country for new plants and modernization of older plants, our Canadian subsidiary, Christie, Brown and Company, Limited, borrowed $4 million on notes guaranteed by National Biscuit Company. These are four per cent notes, repayable in Canadian funds beginning in 1955 in equal amounts annually. The entire loan is to be repaid by 1958, but may be repaid in whole or in part before that time upon thirty days' notice.

Changes in Our Organization

We are sorry to report the death on September 10, 1952, of Henry J. Cochran, a member of the Board of Directors since December 17, 1935. Mr. Cochran had also been a member of the Executive Committee since October 25, 1943.

William White resigned as a member of our Board of Directors and Executive Committee on September 29, 1952, upon his election as President of the New York Central Railroad Company. Mr. White served on our Board since January 21, 1946.

Don G. Mitchell, President of Sylvania Electric Products Inc., became a member of our Board of Directors on December 22, 1952.

Nabisco Personnel Benefited, Too

Our Company's various programs for the training and development of its personnel were continued and expanded during the year.

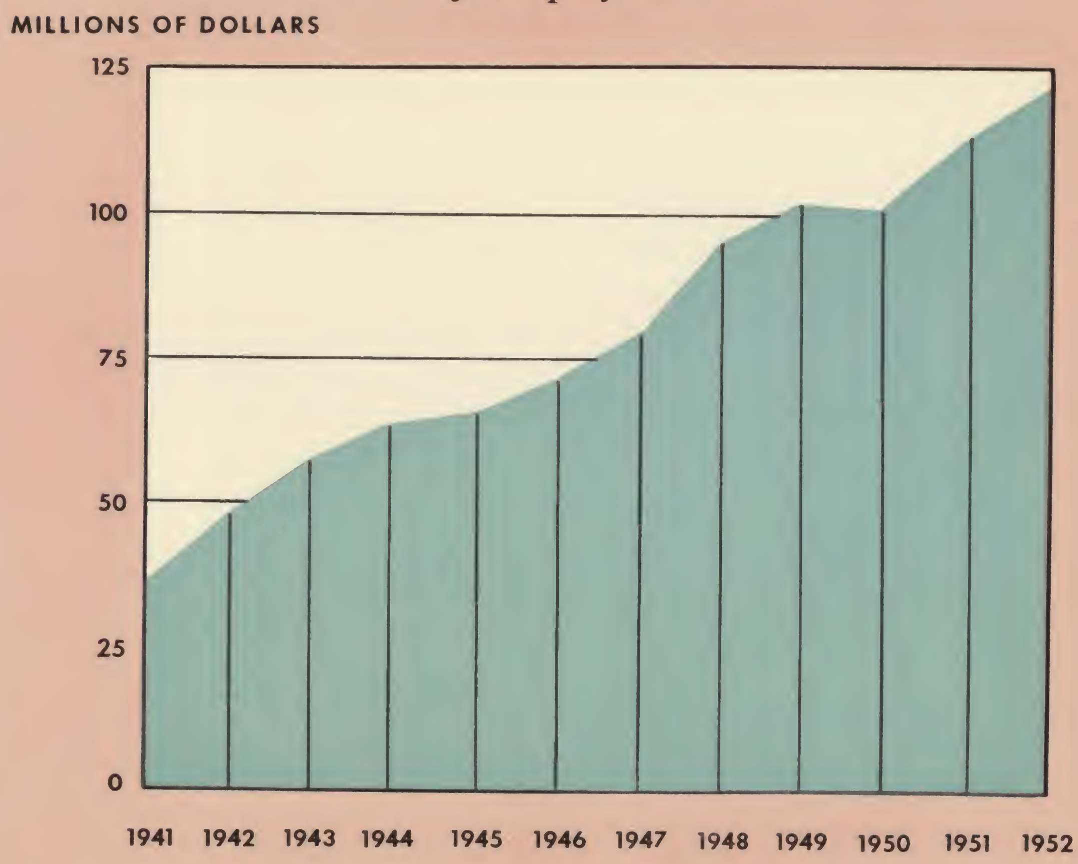
The employee and executive training programs, the suggestion system and safety programs are all contributing to the personal progress of the individual employees making up our organization.

Particular emphasis was placed on the training of Superintendents and Foremen during 1952. From time to time those from a particular department in each Bakery were brought together at one of the newer plants for a week of conferences and discussions of plans and problems pertaining to their department. This was continued until Superintendents and Foremen of all major departments had been included. The discussions involved future Company plans and over-all policies, as well as an interchange of ideas among this important management group.

We are continuing with our program of

[*Continued on page 17*]

Cost of Employees' Services



The above information is shown in more detail on pages 26 and 27.

NABISCO'S NEW CHICAGO BAKERY

World's Finest Cracker Bakery Now in Operation

NABISCO's New Chicago Bakery, the largest and most modern biscuit and cracker bakery in the world, is now in operation. From its 12 glistening band ovens flow an increasing tonnage of crackers and cookies without parallel in the history of commercial baking.

The new bakery occupies 12 acres of a 45 acre site at the corner of Kedzie Avenue and 73rd Street, a pleasant residential area on Chicago's southwest side. The building is 1,118 feet long, ranges in width from 360 to 690 feet, and has a total floor area of 828,000 square feet. The grounds are attractively landscaped and include a private road system and parking space for 500 cars.

The building features a 131-foot tower fronting on Kedzie Avenue and containing facilities for the storage of 115 carloads of raw materials. Baking operations begin at the tower end of the building and proceed in a straight line to the mammoth shipping room at the far end. From here fresh-baked Nabisco products are sped by rail and truck to 138 of our sales branches serving 35 states.

The most modern production methods and quality controls, with special attention to safety and sanitation, highlight operations at the New Chicago Bakery. The first oven was opened on September 29, 1952, and the bakery reached full production within recent weeks. Upwards of 2,400 persons will be employed and present annual production schedules will require 164 million pounds of flour, 26 million pounds of sugar, and 11 million pounds of shortening. This great bakery can yearly produce $55 million worth of biscuits and crackers.

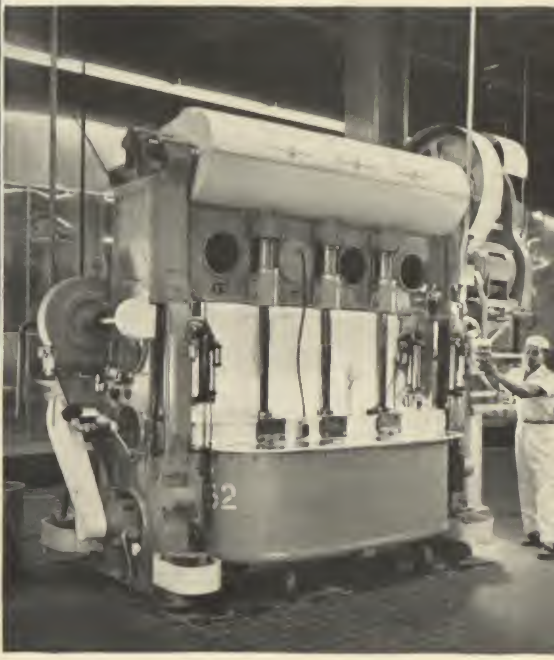
At the top of this page an aerial view of the new bakery shows the two large NABISCO identification signs on the roof of the building. The letters in both signs are 50 feet high and are made of small white marble chips. Each word NABISCO is 500 feet long and clearly visible from such heights that the building has become a welcome landmark to pilots approaching Chicago's Municipal Airport, two miles away.

Completion of the New Chicago Bakery is a large step in our plant modernization program. When we launched this program in 1946, less than 30 percent of our biscuit and cracker production came from modern band ovens. With the addition of the 12 new ovens in Chicago, about 80 percent of our cookie and cracker line is now baked by this straight-line production technique.

THE TOWER, rising 131 feet above the ground, is used to store raw materials such as sugar, flour, shortenings, molasses and syrups.

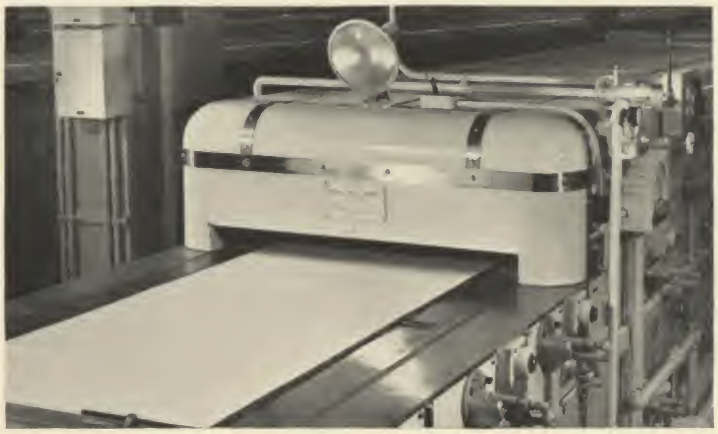
TWELVE BAND OVENS. The New Chicago Bakery contains 12 streamlined traveling band ovens—the very heart of this huge plant. Designed by Nabisco engineers, these ovens are the latest word in straight-line mass production of crackers and cookies. Gas burners extend across both top and bottom of the moving steel band, and the baker regulates the heat in each zone as necessary. The speed of the band is adjusted to the baking recipe. The rich NABISCO VANILLA WAFER spends seven minutes in transit, while the PREMIUM SALTINE CRACKER travels the length of the oven in a little less than three minutes. During an eight-hour shift, one oven will bake almost 5,000,000 PREMIUM SALTINE CRACKERS. When products emerge from the oven, there remains one important step—proper cooling. Each cookie or cracker must be carefully cooled to permit packaging at an exact temperature. This cooling process cannot be hurried, and is accomplished by regulating the speed of the long conveyor belts. Thus each product reaches the packing tables at just the right moment. Both crackers and cookies travel about 600 feet from Cutting Machine to Packing Department.

Above, **FLOUR HANDLING SYSTEM.** The steady flow of raw materials to meet the new bakery's huge production schedules demands tremendous storage space. For the same reason bulk handling of major ingredients plays an important part in bakery operations. Flour and sugar arrive in carload lots at the railroad unloading dock; are then conveyed through pneumatic tubes to steel bins in the storage tower. At right, we are looking up at a few of the 93 huge bins in the tower, each with a capacity of 125,000 pounds. Once in the tower, flour is stored according to type—soft, medium, strong, or graham. Flour blending and sifting equipment is located on the lower floor of the tower, directly above the Mixing Department. In circle at right, electrical **CONTROL PANEL** used in the pneumatic unloading and transfer of dry ingredients from freight cars to the storage bins.



BATTERY OF 17 SWEET MIXERS. Mixers for NABISCO's sweet varieties are similar to giant mixing bowls, with power-driven paddles. In them sugar, water, shortening, milk, syrups and other ingredients are creamed together. Flour and leavenings are added and the dough is mixed. Mixing of all doughs is a process rigidly controlled as to time and temperature. When completed, the dough is ready for baking. Right, **SPINDLE MIXER** used for cracker varieties. Ingredients are put into a trough mounted on wheels—trough capacity about 1500 pounds. Trough is locked in position, spindles are lowered into the trough and revolve automatically. In the preparation of dough for PREMIUM SALTINE CRACKERS the first step is the incorporation of a certain percentage of the flour with yeast and water in the Spindle Mixer. Then the dough is allowed to rise in the Proof Room. At the end of the first proofing the risen "sponge" is taken out; the remaining flour, shortening, salt and soda are added; the whole is remixed, then set for a second proofing.

RITZ CRACKER CUTTING MACHINE. After the dough has been rolled, the crackers are cut out and stamped. Dough left over after cutting is immediately returned to the hopper and re-used.



PREMIUM SALTINE CRACKERS in dough form enter the oven. Observation "doors" spaced along the side of the oven allow bakers to check the progress of the crackers at various stages of the baking process.

RITZ CRACKERS cascade from the oven. Now the fresh, golden-brown crackers are put through a special spray process, which gives RITZ CRACKERS that delicious, distinctive "buttery" flavor.

PREMIUM SALTINE CRACKERS emerge as unbroken sheets of fresh, crisp crackers. Automatic devices break the sheets into neat rows and stack them vertically before they move away to be cooled and packed.

AUTOMATIC WEIGHER. After careful cooling on long conveyor belts, RITZ CRACKERS are poured into lined cartons by automatic filling machines. If the filled package should be a little "shy" in weight, the Automatic Weigher will catch it and add the exact number of RITZ CRACKERS needed to bring the contents up to full weight.

←

RITZ CRACKER BUNDLING MACHINE. The sealed cartons of freshly baked RITZ CRACKERS are conveyed into this machine and wrapped in bundles of four packages each. Then the bundles are quickly taken to waiting freight cars or Nabisco delivery trucks.

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SHIPPING BRANCH FLOOR. Merchandise produced in the New Chicago Bakery is now ready for distribution to Nabisco sales branches throughout the Midwest. Some of it will be shipped by rail, some by huge trailer trucks, and some by local delivery trucks. The total area of the Shipping Branch is over 175,000 square feet. A freight car siding capable of accommodating 13 railroad cars is housed entirely within the building. At one end of the department a truck loading area large enough to handle 16 large trucks is also enclosed within the building. A fleet of electric tractors helps move merchandise around this great area. The most modern materials-handling and transporting equipment furthers our ultimate objective of getting Nabisco products from oven to consumer as quickly as possible.

MODERN MEDICAL DEPARTMENT is fully equipped, and staffed by a trained nurse. Here not only accident cases are cared for, but free medical advice is given by an attending physician. All employees must pass periodic physical examinations. Other employee conveniences include attractive lounges, dressing rooms, lockers and showers.

LARGE MODERN CAFETERIA, seating 500 people, serves nourishing meals to employees at moderate prices. All of the plans for the New Chicago Bakery took into consideration the comfort, convenience and protection of bakery personnel.

bringing selected groups of sales supervisory employees to the General Office for conferences designed to further their understanding of Company operations and policies.

Our total payroll was $107.5 million in 1952—$101.6 million in 1951.

Pension costs, including the funding of a portion of past service liability, totaled $8.0 million in 1952—$7.3 million in 1951. Under our plan 207 employees qualified for pensions during 1952, and at the end of the year there were 1,786 retired employees receiving pensions.

Our benefit and group insurance plans provided death benefits to beneficiaries of 233 of our employees, in the approximate amount of $643,000 during the year. Other benefits totaling about $2.6 million were also paid to employees or their families in 1952 during periods of illness or injury.

The cost of the benefit and group insurance plans and social security taxes totaled $5.8 million in 1952—$5.2 million in 1951.

We Expect Our Business to Continue To Be Good

The period ahead is uncertain and very much dependent upon the international situation. There are some indications that if defense spending levels off there may be some decline in the level of business activity.

If price and wage controls are allowed to expire on April 30, 1953, and the excess profits tax on June 30, 1953, this will help overcome the more severe effects of any such decline.

In the period of adjustment from present

Changes In Consolidated Working Capital

(*All amounts are expressed in thousands of dollars*)

	1952	1951	1950	1949	1948
RECEIVED FROM:					
Sales of product	$346,537	$329,925	$296,409	$294,420	$296,250
Long term bank loan (foreign) . .	4,000				
Interest and miscellaneous income (net)	411	398	402	371	1,675
	350,948	330,323	296,811	294,791	297,925
USED FOR:					
Materials and services purchased . .	174,412	172,162	145,951	147,706	159,690
Wages, salaries and employee benefits .	121,980	114,814	101,499	101,939	94,498
Taxes (except social security taxes) .	25,257	20,480	21,757	17,831	16,795
Additions to plant and equipment .	16,334	17,805	12,173	20,287	16,792
Dividends	14,315	14,315	14,315	14,315	14,315
Other (net)	*535*	*946*	*509*	*1,383*	263
	351,763	338,630	295,186	300,695	302,353
Increase or *decrease* in working capital .	$ *815*	$ *8,307*	$ 1,625	$ *5,904*	$ *4,428*

MANAGEMENT DEVELOPMENT PROGRAM meetings provide opportunities for Superintendents, Foremen and Assistant Foremen to discuss problems they encounter in supervising employees in their respective departments.

economic levels, inflated by abnormally high Federal spending, it is going to be most necessary to develop close coordination between Government and business on fiscal policies. Each must make a sincere effort to understand the other's problems and take an active part in reaching proper solutions. The Federal Government remains the largest single spending unit in our country in payroll, purchase of goods, and investment in capital assets. Thus Government policies have a far-reaching effect on the entire economy of the country.

Our Company has been preparing for a period of possible economic adjustment by improving our production and distribution methods, our research program, our products and packages, and by furthering the development of our personnel. We know that the future will bring repeated challenges to management, but we believe that we have prepared well. Many of the problems we are likely to encounter in the future are similar to ones we have met and dealt with in the past. We are confident that 1953 will be a good year for our business and we expect our sales volume to continue at high levels.

PRESIDENT

Each Nabisco Sales Dollar Produced Income:

Summary of Operations—1952

We received from sale of our products	$346,537,081
We expended for:	
Raw materials, supplies and services bought from others	174,412,215
Employees' services (wages, pensions, social security taxes, etc.)	121,292,971
Direct taxes, except social security taxes	25,257,005
Estimated wear and tear on plant and equipment, plus loss on disposal of fixed assets	7,479,738
Officers' salaries for management of the business	686,746
Leaving profits†, representing the cost of using the tools of production (plant and equipment), which were:	
Distributed as dividends to the shareholders	$ 14,315,211
Retained in the business for expansion and modernization	3,093,195

†National Biscuit Company also received $410,754 for activities not related to the manufacture or sale of its products.

Consolidated

ASSETS

	December 31, 1952	December 31, 1951
Cash	$ 14,160,499	$ 17,673,613
U. S. Government securities (Approximately equal to amounts at market quotations)	26,300,000	19,108,500
Accounts receivable	9,176,651	7,954,252
Raw materials and supplies (*a*)	32,997,598	32,269,013
Finished product (*a*)	11,844,161	11,989,028
Total current assets	94,478,909	88,994,406
Investment in foreign subsidiary, not consolidated	900,000	900,000
Miscellaneous investments	228,390	95,745
Plants, real estate, machinery and equipment (*b*)	104,418,756	96,368,787
Prepaid expenses and deferred charges	1,808,425	1,671,311
Total	$201,834,480	$188,030,249

(Notes to the financial statements appear on page 23)

Balance Sheet

LIABILITIES

	December 31, 1952	December 31, 1951
Notes payable to banks (foreign)	$ 890,000	$ 720,000
Accounts payable and accrued expenses	18,049,798	16,959,429
Common dividend, payable January 15, 1953	3,144,724	3,144,724
Reserve for federal and foreign taxes on income	22,227,305	17,187,392
Total current liabilities	44,311,827	38,011,545
Long term notes payable to bank (foreign) (*c*)	4,000,000	
CAPITAL		
Capital stock, preferred	24,804,500	24,804,500
(Par value $100—7% cumulative, non-callable) Shares authorized 250,000, issued 248,045		
Capital stock, common	62,894,480	62,894,480
(Par value $10) Shares authorized 12,000,000, issued 6,289,448		
Retained earnings:		
Appropriated:		
Insurance and contingent reserve	3,726,188	3,726,188
Reserve for high-cost plant additions	12,000,000	12,000,000
Inventory reserve	5,000,000	5,000,000
Unappropriated	45,097,485	41,593,536
Total	$201,834,480	$188,030,249

Consolidated Income & Unappropriated Retained Earnings

	1952	1951
Net sales	$346,537,081	$329,924,858
Cost of sales	219,738,707	215,850,366
Selling, general and administrative expenses	69,529,632	63,899,323
Contributions to pension trusts for past service	4,556,943	4,455,766
Depreciation	7,250,496	6,761,702
Taxes (other than federal and foreign taxes on income)	5,957,919	6,229,467
Interest and miscellaneous income (net)	*410,754*	*398,412*
Loss (or *profit*) on disposal of fixed assets	229,242	*96,540*
Provision for federal and foreign taxes on income (*d*)	21,865,736	17,020,974
Total	328,717,921	313,722,646
Net income	17,819,160	16,202,212
Unappropriated retained earnings January 1	41,593,536	39,706,535
	59,412,696	55,908,747
Preferred dividends $7.00 per share	1,736,315	1,736,315
Common dividends $2.00 per share	12,578,896	12,578,896
	14,315,211	14,315,211
Unappropriated retained earnings December 31	$ 45,097,485	$ 41,593,536

(Notes to the financial statements appear on page 23)

Notes to Financial Statements

(*a*) Inventories of raw materials, supplies and finished product are carried in the balance sheet at cost or market, whichever is lower. The cost of certain commodities is computed on the last-in, first-out (LIFO) method.

(*b*) Plants, real estate, machinery and equipment comprise:

Cost of properties owned:	1952	1951
Land	$ 7,457,537	$ 8,062,748
Buildings	73,109,934	69,743,989
Machinery and equipment	86,082,532	77,891,326
Total	166,650,003	155,698,063
Less, allowances for depreciation	62,231,247	59,329,276
	$104,418,756	$ 96,368,787

(*c*) The long term notes payable to bank (foreign) are four per cent notes due in equal annual installments from 1955 to 1958.

(*d*) The 1952 provision for taxes on income included $670,000 for federal excess profits tax. For 1951, the provision is net of an estimated excess profits tax refund of $265,000.

(*e*) The financial statements for 1952 include the following U. S. dollar amounts (translated at appropriate rates of exchange) in respect of the four consolidated foreign subsidiaries: net current assets and deferred charges, $1,291,701; net plant assets, $12,185.865; long term notes payable to bank, $4,000,000; and net income, $2,003,426.

Report of Auditors

TO THE SHAREHOLDERS OF

NATIONAL BISCUIT COMPANY, NEW YORK, N. Y.

We have examined the consolidated balance sheet of National Biscuit Company and its wholly owned subsidiaries as of December 31, 1952, and the related consolidated statement of income and unappropriated retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statement of income and unappropriated retained earnings present fairly the consolidated financial position of National Biscuit Company and its wholly owned subsidiaries at December 31, 1952, and the consolidated results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

LYBRAND, ROSS BROS. & MONTGOMERY

New York, N.Y.
February 5, 1953

Condensed Twelve-Year Statement

(All amounts are as of December 31 of each year and are expressed in thousand

WORKING CAPITAL:	1952	1951	1950	1949
Current assets:				
Cash and government securities	$ 40,460	$ 36,782	$ 46,297	$ 46,183
Accounts receivable	9,177	7,954	8,181	6,409
Raw materials, supplies and finished product	44,842	44,258	40,126	37,032
Total current assets	94,479	88,994	94,604	89,624
Current liabilities:				
Notes payable to banks (foreign)	890	720	1,385	1,620
Accounts payable and accrued expenses	18,050	16,959	12,104	10,697
Common dividend payable	3,145	3,145	3,145	5,032
Reserve for federal and foreign taxes on income	22,227	17,188	18,681	14,611
Total current liabilities	44,312	38,012	35,315	31,960
Working capital	50,167	50,982	59,289	57,664
PLANTS, REAL ESTATE, MACHINERY AND EQUIPMENT (net)	104,419	96,369	86,421	81,795
LONG TERM NOTES PAYABLE (foreign)	*4,000*			
MISCELLANEOUS INVESTMENTS, OTHER ASSETS AND PREPAID EXPENSES AND DEFERRED CHARGES	2,937	2,667	2,421	1,877
Net assets	153,523	150,018	148,131	141,336
PREFERRED STOCK	24,805	24,805	24,805	24,805
Book value of common stock	$128,718	$125,213	$123,326	$116,531
Book value per share of common stock	$20.47	$19.91	$19.61	$18.53

Book value of common stock for years prior to 1944 has been stated at amounts exclusive of intangible assets then carried on the books. Similarly, "Plants, real estate, machinery and equipment" has been restated for years prior to 1944 to reflect tangible assets only. The write-off of intangible assets was completed in 1944.

"Raw materials, supplies and finished product" has been restated for years prior to 1946 by adding back the inventory reserve of $1,019,381, which in the reports for those years was shown as a deduction therefrom.

# of Consolidated Assets & Liabilities

f dollars except book value per share of common stock and footnotes)

1948	1947	1946	1945	1944	1943	1942	1941
$ 44,548	$ 46,884	$ 43,027	$ 47,382	$ 41,056	$ 31,191	$ 30,310	$ 31,001
7,217	6,830	6,712	4,723	6,131	6,503	7,367	3,520
39,668	43,082	34,549	27,052	25,956	26,668	20,584	15,326
91,433	96,796	84,288	79,157	73,143	64,362	58,261	49,847
8,645	6,842	6,292	5,525	5,074	4,797	3,740	2,622
5,032	5,032	1,887	1,887	1,887	1,887	1,887	2,516
14,188	16,926	13,521	19,807	23,215	16,728	15,963	9,593
27,865	28,800	21,700	27,219	30,176	23,412	21,590	14,731
63,568	67,996	62,588	51,938	42,967	40,950	36,671	35,116
67,350	54,938	52,246	52,563	57,933	60,132	63,632	65,360
3,051	2,579	2,091	1,757	4,136	2,560	1,869	993
133,969	125,513	116,925	106,258	105,036	103,642	102,172	101,469
24,805	24,805	24,805	24,805	24,805	24,805	24,805	24,805
$109,164	$100,708	$ 92,120	$ 81,453	$ 80,231	$ 78,837	$ 77,367	$ 76,664
$17.36	$16.01	$14.65	$12.95	$12.76	$12.53	$12.30	$12.19

The annual "Net income" less "Dividends declared" amounts shown in the accompanying "Condensed Twelve-Year Statement of Consolidated Income and Other Statistics" do not exactly account for the changes in "Book value of common stock" indicated above because of net reserve additions aggregating approximately $985,000 over the twelve-year period.

Condensed Twelve-Year Statement o

(All amounts are expressed in thousands of dolla

	1952	1951	1950	1949
REVENUE:				
Net sales	$346,537	$329,925	$296,409	$294,420
Interest and miscellaneous income (net)	411	398	402	371
Total	346,948	330,323	296,811	294,791
EXPENSES:				
Cost of sales	219,739	215,850	187,670	191,745
Selling, general and administrative expenses	69,530	63,899	57,211	56,050
Contributions to pension trusts for past service	4,557	4,456		
Depreciation	7,250	6,762	6,426	5,549
Taxes (other than federal and foreign taxes on income)	5,958	6,229	5,980	5,017
Miscellaneous	229	*96*	68	89
Provision for federal and foreign taxes on income	21,866	17,021	18,346	14,664
Total	329,129	314,121	275,701	273,114
Net income	$ 17,819	$ 16,202	$ 21,110	$ 21,677
DIVIDENDS DECLARED:				
Preferred	$ 1,736	$ 1,736	$ 1,736	$ 1,736
Common	12,579	12,579	12,579	12,579
EXPENSE STATISTICS:				
Cost of employees' services	$121,293	$114,132	$100,871	$101,391
Taxes (except social security taxes)	25,257	20,480	21,757	17,831
PER SHARE STATISTICS:				
(per share of common stock)				
Net income	$ 2.56	$ 2.30	$ 3.08	$ 3.17
Dividends	2.00	2.00	2.00	2.00
Taxes (except social security taxes)	4.02	3.26	3.46	2.84
OTHER STATISTICS:				
Number of shareholders	69,045	66,682	63,871	64,579
Number of employees	29,168	29,480	30,073	31,109

†Includes extraordinary income of $1,400,000 equal to 22 cents per share of commor

Consolidated Income & Other Statistics

cept per share figures, other statistics and footnote)

1948	1947	1946	1945	1944	1943	1942	1941
$296,250	$263,894	$220,195	$204,995	$205,273	$183,027	$154,759	$110,785
1,675†	327	2,818†	413	354	335	230	173
297,925	264,221	223,013	205,408	205,627	183,362	154,989	110,958
200,974	172,011	145,019	132,786	133,228	117,984	93,031	59,927
51,489	45,524	38,858	35,487	34,714	33,007	30,314	25,090
4,227	3,809	3,583	3,456	3,321	3,279	3,310	3,250
4,628	4,823	4,053	4,356	4,798	4,086	3,859	3,479
82	101	159	2,371	197	199	193	168
13,811	15,051	11,686	16,444	18,890	14,210	13,857	8,312
275,211	241,319	203,358	194,900	195,148	172,765	144,564	100,226
$ 22,714†	$ 22,902	$ 19,655†	$ 10,508	$ 10,479	$ 10,597	$ 10,425	$ 10,732
$ 1,736	$ 1,736	$ 1,736	$ 1,736	$ 1,736	$ 1,736	$ 1,736	$ 1,736
12,579	12,579	7,547	7,547	7,547	7,547	8,176	10,063
$ 93,981	$ 79,596	$ 70,478	$ 66,494	$ 64,133	$ 58,125	$ 47,548	$ 36,079
16,795	18,127	14,229	19,137	21,994	16,643	16,276	10,592
$ 3.33†	$ 3.36	$ 2.85†	$ 1.39	$ 1.39	$ 1.41	$ 1.38	$ 1.43
2.00	2.00	1.20	1.20	1.20	1.20	1.30	1.60
2.67	2.88	2.26	3.04	3.50	2.65	2.59	1.68
65,753	65,441	67,010	66,110	64,927	62,791	61,172	60,376
31,402	29,128	27,398	29,005	29,932	28,619	25,103	20,814

ock in 1948 and $2,492,685 equal to 40 cents per share of common stock in 1946.

NABISCO CORNER SEAL
The Consumer's Buying Guide

The Company recently took the far-reaching step of redesigning all its packages. In addition to the familiar red NABISCO end seals, a triangular NABISCO seal in bright red now spans the upper left-hand corner of each package, bringing a strong family resemblance to our entire line of over 200 varieties, available in many different types of cartons and cellophane packages.

The phenomenal growth of self-service in food markets had much to do with this decision. In such stores the shopper selects what she wants, with no help from a salesman. Thus package design has become more important than ever, and the Company needed a quick and positive over-all identification for its products. The red triangular seal solves this problem. Its position makes it conspicuous, and the eye is drawn to it quickly; a store display of row after row of these new packages proves that the triangular seal accomplishes its chief purpose.

Quality, freshness and flavor are the cornerstones of our business, and from now on this triangular seal will be the housewife's unfailing assurance that she is getting all three in any package so identified. And if a woman is "sold" on one or more Nabisco products, the red corner seal will guide her to other Nabisco varieties, and quicken her acceptance of our new products.

Another important purpose of the change is to utilize the national advertising of our leading brands to help the sales of other varieties. The new device now appears on all packages shown in our advertising, and furthermore the consumer is constantly reminded by advertisements in various media to look for the red NABISCO seal as a guide to extra goodness in crackers and cookies. By this tie-up with all Nabisco packages in stores, we expect to get greater value for our advertising dollar.

Retail food operators like the new design—it eliminates any possibility of confusion or error. Our salesmen like it—they know how important quick identification of Nabisco products is in self-service stores. The end result, it is hoped, will be a steady increase in sales for all varieties in the line.

The red triangular NABISCO seal will also appear on promotional material, motor vehicles, and wherever else it can be used to good advantage.

Printed in U.S.A.


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FIG NEWTONS
cakes
NABISCO
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